



BAYFIELD COUNTY FORESTRY AND PARKS DEPARTMENT 2020 BUDGET NARRATIVE

BUDGET SUMMARY AND HIGHLIGHTS: The proposed budget for Forestry and Parks is \$2,101,014 a 9% increase. Revenues are projected at \$4,105,333 for a levy CONTRIBUTION of \$2,004,319 to the County. This levy amount is almost identical to 2019, roughly \$14,000 less.

Minor adjustments in the budget were made including addition of \$10,000 to the Town Road Aid amount, this is \$30,000 less than requested.

Revenues: Forest Management Program

Traditionally, all revenues received over the course of a year were generated from the management of the County Forest, primarily through stumpage. However, over the past few years, the Forestry Department has been assigned primary management responsibilities of both the county parks (added in 2011) and trails programs (added in 2013).

In addition to the revenues received from the sale of wood (stumpage), the Forestry and Parks Department now collects income from camping and other parks related activities, including the newly constructed yurts (two yurts were constructed in October/November 2016, one in Bayfield and one in Cable, and a third one, also in Bayfield, was completed in September 2018), as well as monies pertaining to state funded motorized trail maintenance, rehabilitation and construction.

Sale of Wood (Timber Sales)

The sale of wood is the primary source of revenue for the Forestry and Parks Department (approximately 93% of total revenues received from the County Forest management program and 85% Department wide, which now includes parks and trails).

Revenues from the sale of wood on the County Forest for the calendar year 2020 are projected to increase by less than 1%, from the adopted budget of \$3.325 million in 2019 to a conservative estimate of \$3.355 million.

Much of the predicted revenue increase is the end result of adding a new forester position in 2011, as well as the addition of 2,602 acres of forest land to the County Forest in 2015/2016 and 691.25 acres in 2018/2019 (both via the Knowles-Nelson Stewardship Land Acquisition grant). The new position was added, in part, to assist in the management of a naturally growing sustainable timber harvest goal. The total sustainable harvest goal for 2019 is 4,912 acres, which is an increase of over 50% since 2006.

Table 1 displays the number of timber sales, acres and bid values from 2007-2020 (2019 & 2020 are estimates). The table also includes total actual revenues received from timber sales per year.

Table 1: Bayfield County Forest Timber Sale Summary

Calendar Year	Sales Offered	Acres Offered	Sales Sold	Acres Sold	Acres Not Sold	Timber Sale Bid Values	Bid Value per Acre	Timber Revenues
2007	59	3,771	45	3,157	614	\$2,140,897	\$678	\$2,167,156
2008	58	3,546	55	3,507	39	\$2,381,513	\$679	\$2,621,308
2009	45	3,297	42	3,100	197	\$2,510,601	\$810	\$2,305,259
2010	40	3,218	40	3,218	0	\$2,404,178	\$747	\$2,047,663
2011	54	4,156	54	4,156	0	\$3,629,330	\$873	\$2,477,066
2012	53	4,782	53	4,782	0	\$4,900,194	\$1,025	\$2,696,756
2013	54	4,275	53	4,177	98	\$3,614,091	\$865	\$3,904,104
2014	61	4,388	61	4,388	0	\$5,252,530	\$1,197	\$4,537,661
2015 ^a	57	5,215	54	4,958	257	\$6,507,887	\$1,313	\$5,006,565
2016 ^b	64	4,750	64	4,750	0	\$4,745,850	\$999	\$5,057,393
2017	53	4,272	50	4,101	171	\$3,719,320	\$907	\$5,009,892
2018	56	4,568	49	3,813	755	\$3,509,971	\$921	\$4,562,243
2019	63	5,250	60	4,950	300	\$4,500,000	\$909	\$3,850,000
2020	55	4,500	55	4,500	0	\$4,090,909	\$909	\$3,355,000
Average	55	4,285	53	4,111	174	\$3,850,519	\$917	\$3,542,719

^a Includes \$13,506.80 generated from the management of non-county forest lands.

^b Includes \$15,393.90 generated from the management of non-county forest lands.

Periodically, the Forestry and Parks Department manages county owned forest land that is not part of the County Forest. Much of this land was included with the 2015 Stewardship grant and was enrolled in County Forest Law (CFL). However, a few parcels will remain as county owned, without the County Forest designation. When these parcels are managed, sale of wood revenues are designated as non-CFL in the budget. At this time, revenue from the management of non-CFL forest lands is not anticipated in 2019 or 2020.

Timber markets are often volatile and can fluctuate significantly, thus having the potential to produce substantial disparities in annual revenue. Because the annual sustainable timber harvest goals have remained relatively constant since 2011 (with the associated total volume of timber products advertised as part of those timber sales also remaining constant), the value of new sales sold per year is a solid indication of market conditions.

In 2014, the total value of new timber sales sold was over \$5.25 million. In 2015, new sales sold reached a peak of nearly \$6.51 million. However, market conditions began to recede in 2016 and, as a result, so too did the value of new sales, at nearly \$4.75. Timber markets continued to decline in 2017, with the value of new sales also dropping to nearly \$3.72 million. Markets for 2019 are predicted to hold relatively constant, with new sale values hovering around \$4.5 million.

The average prices received per acre for sales sold from 2014 through 2016 was roughly \$1,170 (with a peak of over \$1,300 per acre in 2015). The average prices received per acre for sales sold in 2017 and 2018 was roughly \$915. Average prices in 2019 and 2020 are expected to hold firm, in the range of \$900

to \$925/acre. In general, the per acre values of new sales sold have declined by over 30% since the peak amount received in 2015.

At present, market conditions, both short and long term, are extremely difficult to predict. The value of new sales sold for 2019 and 2020 are based on markets remaining relatively constant and are estimated to be about \$4.5 and \$4.1 million each, respectively. Prior to 2011, this Department averaged approximately \$2.36 million in new timber sales sold per year. Since 2012, the average total value of new sales is approximately \$4.5 million, an increase of nearly two-fold.

Table 2 displays the budgeted and actual sale of wood revenues since 2007. Sale of wood revenues occasionally include volumes harvested from non-CFL lands (the actual revenues for 2019 and 2020 are estimated):

Table 2: Bayfield County Forest Sale of Wood Revenues

Calendar Year	Revenues Budget	Revenues Actual	Difference
2007	\$1,705,000	\$2,167,156	\$462,156
2008	\$1,700,000	\$2,621,308	\$921,308
2009	\$1,727,400	\$2,305,259	\$577,859
2010	\$1,820,500	\$2,047,663	\$227,163
2011	\$1,996,000	\$2,477,066	\$481,066
2012	\$2,195,000	\$2,696,756	\$501,756
2013	\$2,400,000	\$3,904,104	\$1,504,104
2014 ^a	\$2,751,565	\$4,537,661	\$1,786,096
2015 ^b	\$3,404,306	\$5,006,565	\$1,602,259
2016 ^b	\$3,139,200	\$5,057,393	\$1,918,193
2017	\$3,110,000	\$5,009,892	\$1,899,892
2018	\$3,230,000	\$4,562,243	\$1,332,243
2019	\$3,325,000	\$3,850,000	\$525,000
2020	\$3,355,000	\$3,355,000	\$0
Average	\$2,561,355	\$3,542,719	\$981,364

^a Amended budget

^b Amended budget. Includes revenue from county owned land not part of the county forest

Fully capturing the sustainable harvest potential of the forest, combined with a very strong market, sparked the record revenues received from 2015 through 2017. However, as previously stated, timber markets are volatile and stumpage prices are a reflection of market conditions. Over the long term, the sustainable harvest goal is projected to remain constant and is really the only part of the equation that is controllable. Markets are the other part and, unfortunately, almost completely out of our control. When markets are strong, stumpage revenues should hover around \$5.0 million per year (like they were from 2015-2017); when markets are poor (like they are now), \$3.40 to \$3.75 million per year is a realistic expectation; when markets are good (average), stumpage revenues should average around \$4.0 to \$4.25 million per year. In the end, continuing to realize the sustainable management potential of the forest and offer high quality sales for competitive bidding are two critical parts of the overall revenue model.

The new forester position has been in place for over eight full seasons. Production or outputs, as well as revenues, have normalized. Investing in the additional forester position has had the greatest impact on the

overall budget. Prior to 2011, the Department sold an average of roughly 3,000 acres per year in new timber sales. Since then, that average has been nearly 4,450 acres (an increase of 1,450 acres or nearly 50%). When market conditions are strong, the acreage managed via the new forester position can produce upwards of \$1.80 million in additional revenue; when markets are average, it can produce in the ballpark of \$1.30 million; and when markets are down, roughly \$1.0 million. Without the investment in the additional position, none of this revenue potential would have been realized.

When analyzing timber sale revenues and the results from previous timber sale offerings, general patterns develop that allow the Department to estimate when to expect proceeds from existing contracts. In general, timber sale contracts are two years in length, with the potential for two one-year extensions (and sometimes more). In other words, it can take up to four years before the full value of a timber sale is realized. Roughly 45% of the revenue generated during any calendar year comes from contracts sold during the previous year. Approximately 20% comes from those sold during the current year, 20% from two years prior, 10% from three years prior and the rest beyond that.

For example, based on the above model, for the 2020 budget, the general expectation is that 20% of the revenue generated in 2020 will come from sales sold in 2020 (which is an unknown); 45% from sales sold in 2019 (which, at the time of budget development, is a partial unknown, as sale offerings occur in May and November each year); 20% from sales sold in 2018; 10% from sales sold in 2017 and the rest from 2016 and 2015. Markets and weather conditions are also primary drivers of timber sale activity, both of which are extremely difficult to predict.

When estimating revenue for 2020, all of the variables mentioned above are considered, leading to a conservative estimate of \$3.355 million.

Other Revenues: Grants, Aids and Loans

Table 3 displays total actual revenues received per account type since 2006. Revenues for 2019 are estimated. Revenues for 2020 are based on the estimated budget:

Table 3: Forest Management Program Revenues per Account Type (2019 & 2020 are estimates)

Year	Sale of Wood ¹	Grants ²	Road Aid	Loans	Permits	Sand/Gravel	Leases	Other ³	Total
2006	\$1,615,584	\$51,536	\$8,037	\$84,548	\$1,160	\$165	\$0	\$37,948	\$1,798,978
2007	\$2,167,270	\$61,142	\$9,418	\$84,588	\$850	\$5,168	\$0	\$165,584	\$2,494,020
2008	\$2,621,308	\$115,456	\$10,440	\$84,588	\$995	\$3,060	\$0	\$1,263	\$2,837,110
2009	\$2,305,259	\$87,996	\$12,126	\$84,669	\$553	\$150	\$0	\$2,309	\$2,493,062
2010	\$2,047,663	\$75,645	\$11,390	\$84,667	\$2,715	\$9,442	\$0	\$2,532	\$2,234,054
2011	\$2,477,066	\$98,713	\$11,347	\$84,667	\$2,004	\$563	\$0	\$26,989	\$2,701,349
2012	\$2,696,756	\$80,299	\$11,330	\$0	\$1,597	\$19,544	\$8,034	\$29,309	\$2,846,869
2013	\$3,904,104	\$117,504	\$11,896	\$0	\$2,320	\$0	\$8,275	\$3,978	\$4,048,077
2014	\$4,555,303	\$65,082	\$11,917	\$0	\$1,090	\$16,500	\$8,523	\$10,443	\$4,668,859
2015	\$5,006,565	\$2,337,972	\$11,918	\$0	\$1,835	\$0	\$8,779	\$3,492	\$7,370,561
2016	\$5,057,393	\$96,868	\$11,942	\$0	\$1,689	\$0	\$9,042	\$35,684	\$5,212,618
2017	\$5,009,892	\$125,502	\$11,953	\$0	\$1,800	\$19,125	\$9,314	\$90,472	\$5,268,058
2018	\$4,562,243	\$87,889	\$11,849	\$0	\$2,972	\$0	\$9,593	\$101,681	\$4,776,227
2019	\$3,850,000	\$188,496	\$11,836	\$0	\$500	\$0	\$12,000	\$13,500	\$4,076,332
2020	\$3,355,000	\$163,900	\$13,000	\$0	\$750	\$0	\$12,675	\$63,000	\$3,608,325
Avg	\$3,415,427	\$250,267	\$11,360	\$33,848	\$1,522	\$4,914	\$5,749	\$39,212	\$3,762,300

¹ Includes revenue from county owned land not part of the county forest.

² CY 2015 includes revenue received from the Knowles-Nelson Steward Grant for land acquisition (\$2,259,857.46).

³ Includes donations, equipment sales, land sales, use agreements, general fund transfers, etc.

Revenues from other sources, including grants, aids and leases, are estimated to remain relatively stable in 2020. Numerous fixed and miscellaneous competitive grants are applied for throughout the year and have the potential to provide additional significant revenues. The fixed or known grants are included in the budget figures, while those that are competitive or unknown are not, though, if awarded, have the potential to significantly increase revenues.

Various grants or similar forms of aid are applied for throughout the year. Deadlines for application can vary widely, with many due well after budgets have been established. If awarded, some grants, especially those of significant size, have the potential to impact the annual budget and will require a budget amendment (which typically occurs around the end of the year). The WDNR Sustainable Forestry Grant and Arbor Day Grant are two good examples of grants that have been received mid-budget. In 2015, a Knowles-Nelson Stewardship Land Acquisition grant was awarded to the Department. This grant was valued at \$2,259,857 and was used towards the purchase of 1,855 acres of forest land (747 acres of county owned, non-CFL lands was also part of the project – totaling 2,602 acres). Another Stewardship grant was awarded in late 2018, with a value of nearly \$500,000.

Table 4 isolates and summarizes the total actual amount of revenues received from the major grants, aids and leases awarded to the Department from 2008-2020, with an emphasis on the fixed or known awards (the amounts for 2019 and 2020 are estimated):

Table 4: Bayfield County Forestry and Parks Department Revenue Summary from Major Grants, Aids, Leases & Agreements

Year	County Forest Admin.	Wildlife Habitat Improvement ^a	County Forest Road Aid	Sustainable Forestry	County Conservation	Arbor Day ^b	Tower Lease	GNA	Fire MOU	Total
2008	\$31,933	\$16,929	\$10,440	\$39,720	\$4,125	\$0	\$0	\$0	\$0	\$103,146
2009	\$35,762	\$16,945	\$12,126	\$33,000	\$2,289	\$0	\$0	\$0	\$0	\$100,122
2010	\$44,039	\$8,472	\$11,390	\$6,205	\$3,807	\$20,400	\$0	\$0	\$0	\$94,313
2011	\$44,039	\$8,472	\$11,347	\$0	\$0	\$46,202	\$0	\$0	\$0	\$110,060
2012	\$46,877	\$8,472	\$11,330	\$0	\$6,500	\$18,450	\$8,034	\$0	\$0	\$99,663
2013	\$47,814	\$8,416	\$11,896	\$46,329	\$0	\$12,450	\$8,275	\$0	\$0	\$135,179
2014	\$52,885	\$8,015	\$11,917	\$0	\$4,183	\$0	\$8,523	\$0	\$0	\$85,522
2015	\$51,210	\$7,991	\$11,918	\$0	\$0	\$13,260	\$8,779	\$0	\$0	\$93,158
2016	\$51,382	\$7,986	\$11,942	\$37,500	\$0	\$20,250	\$9,042	\$0	\$0	\$138,102
2017	\$53,595	\$8,068	\$11,953	\$0	\$24,211	\$4,340	\$9,314	\$39,628	\$0	\$151,109
2018	\$52,938	\$8,058	\$11,849	\$0	\$8,014	\$16,336	\$9,593	\$9,393	\$9,486	\$125,667
2019 ^c	\$60,704	\$55,057	\$11,836	\$35,000	\$4,235	\$5,000	\$12,000	\$30,000	\$2,500	\$216,332
2020 ^c	\$61,000	\$20,600	\$13,000	\$23,300	\$4,000	\$8,000	\$12,675	\$52,000	\$3,000	\$197,575
Average	\$48,783	\$14,114	\$11,765	\$17,004	\$4,720	\$12,668	\$6,633	\$10,079	\$1,153	\$126,919

^a starting in 2019, includes the Wisconsin Habitat Partnership Grant (Pittman-Robertson).

^b includes similar donations.

^c estimates.

The County Forest Administrator grant, Wildlife Habitat Improvement grant, County Forest Road aids, County Conservation grant and Tower lease are all fixed awards/revenue sources and can be relied upon annually. However, many of the above mentioned awards are based upon formulas and capped at specific levels, so funding amounts can, and do, fluctuate slightly on an annual basis.

The Sustainable Forestry Grant and Arbor Day grant are both competitive and, as such, are not guaranteed. The agreements for the Good Neighbor Authority (GNA) and Fire MOU will be relatively constant for as long as the programs remain in place. However, workloads associated with GNA will be highly variable and are primarily contingent upon the number of stands available for management, as well as the amount of staff interested in the additional responsibility. As a result, budgets are conservatively estimated.

In 2019, revenues for the WDNR Wildlife Habitat Improvement grant also includes funding from the newly created Wisconsin Habitat Partnership Fund (Pittman-Robertson or PR). Similar for 2020, PR funds were included in the revenue budget. Also, the County Forest Road Aids are expected to increase in 2020 (or be fully appropriated at \$336/mile).

Starting in 2016, the Department entered into an agreement with the state to assist in the establishment of timber sales on federal land. Termed Good Neighbor Authority (GNA), county staff are essentially contractors of the state with the goal of assisting in the management of Forest Service properties (exclusively on the Chequamegon-Nicolet National Forest). All Departmental expenses associated with the establishment of timber sales, as part of GNA, are reimbursed through the agreement. In addition, the Department is reimbursed overhead, typically at a rate somewhere between 8 and 10% of total expenses. The budget for GNA revenues was set at \$30,000 in 2019 and is estimated to be \$52,000 in 2020. Expenses will generally offset revenues, but are estimated to be 8 to 10% lower, depending on the calculated overhead rates.

In 2018, the Department entered into another agreement (Fire MOU) with the state, this time to assist in the suppression of forest fires within the State of Wisconsin. When requested, and available, select

Department staff will provide assistance, in the form of labor and equipment, in the suppression of forest fires. The budget for fire suppression services in 2020 was established at \$3,000.

As displayed in Table 4, during the times when a Sustainable Forestry grant or larger Arbor Day grants have been awarded, the total amounts received are significantly higher. The total amount of revenue to be received from the various grants, aids and leases is estimated to be approximately \$197,575 in 2020, which represents an increase of about 19% when compared to the 2019 budgeted amount (\$165,941).

Total Revenues: Forest Management Program

Table 5 summarizes the adopted budget, amended budget and total actual amount of revenue allocated to the forest management program from 2010 – 2020 (2019 and 2020 are estimated).

Table 5: Total Budgeted Revenues - Forest Management Program

Calendar Year	Adopted Budget		Amended Budget		Actual	
	Sale of Wood	Total	Sale of Wood	Total	Sale of Wood	Total
2010	\$1,800,000	\$1,979,155	\$1,820,500	\$1,999,655	\$2,047,663	\$2,234,054
2011	\$1,995,000	\$2,182,591	\$1,996,000	\$2,270,841	\$2,477,066	\$2,701,349
2012	\$2,195,000	\$2,458,679	\$2,195,000	\$2,460,449	\$2,696,756	\$2,846,869
2013	\$2,400,000	\$2,655,270	\$2,410,000	\$3,019,116	\$3,904,534	\$4,092,022
2014	\$2,500,000	\$2,584,142	\$2,751,565	\$2,835,707	\$4,555,303	\$4,668,859
2015 ^a	\$2,820,000	\$2,910,204	\$3,404,306	\$5,797,998	\$5,006,565	\$7,365,308
2016	\$2,925,000	\$3,019,180	\$3,139,200	\$3,233,380	\$5,057,393	\$5,212,618
2017	\$3,110,000	\$3,263,241	\$3,300,989	\$3,454,230	\$5,009,892	\$5,267,906
2018	\$3,230,000	\$3,434,430	\$3,478,080	\$3,682,510	\$4,562,243	\$4,776,227
2019	\$3,325,000	\$3,550,201	\$3,325,000	\$3,550,201	\$3,850,000	\$4,076,332
2020	\$3,355,000	\$3,608,325	\$3,355,000	\$3,608,325	\$3,355,000	\$3,608,325
Average	\$2,695,909	\$2,876,856	\$2,834,149	\$3,264,765	\$3,865,674	\$4,259,079

^a includes \$2.260 million Stewardship Grant for land acquisition.

In summary, 2020 budgeted sale of wood revenues increased by less than 1% when compared to the adopted 2019 budget. However, the budget for sale of wood revenues has steadily increased over the past decade, by over 90% since 2007.

Total revenues for the forest management program are projected to be \$3,608,325, which is roughly 1.6% greater than the adopted budget for 2019 (\$3,550,201) and over 91% greater than budgeted revenues for 2007.

Revenues: Recreation/Parks Program

Parks/Campgrounds

The Forestry Department was assigned the management of all county owned parks in 2011. The four county managed parks include three campgrounds: Twin Bear, Delta Lake and Big Rock; and one day use park: Atkins Lake.

Revenues for the parks come in a variety of forms, including camping (the primary revenue source), boat launch, boat mooring, and kayak/canoe rental, among others. Revenues received from camping account for roughly 89% of the total receipts from the parks program.

Table 6 summarizes the actual annual revenues per park (2019 and 2020 are estimated):

Table 6: Annual Distribution of Net Revenues for the Parks Program (2019 and 2020 are estimated)

Year	Twin Bear				Delta Lake				Big Rock				Atkins Lake				Grand Total
	Camp	Boat Launch	Other*	Total	Camp	Boat Launch	Other*	Total	Camp	Boat Launch	Other*	Total	Camp	Boat Launch**	Other*	Total	
2011	\$41,440	\$7,040	\$2,370	\$50,849	\$22,367	\$801	\$42	\$23,210	\$2,812	\$0	\$0	\$2,812	\$0	\$261	\$0	\$261	\$77,131
2012	\$47,855	\$6,163	\$2,430	\$56,448	\$27,080	\$861	\$57	\$27,998	\$3,860	\$0	\$0	\$3,860	\$0	\$215	\$0	\$215	\$88,521
2013	\$44,602	\$5,324	\$2,092	\$52,018	\$18,982	\$912	\$55	\$19,950	\$3,524	\$0	\$0	\$3,524	\$0	\$181	\$0	\$181	\$75,672
2014	\$46,523	\$4,649	\$2,649	\$53,822	\$18,201	\$1,005	\$97	\$19,303	\$3,733	\$0	\$0	\$3,733	\$0	\$689	\$0	\$689	\$77,547
2015	\$48,156	\$6,152	\$2,528	\$56,835	\$18,327	\$981	\$868	\$20,176	\$5,118	\$0	\$0	\$5,118	\$0	\$0	\$0	\$0	\$82,129
2016	\$48,472	\$6,109	\$2,673	\$57,254	\$23,399	\$952	\$908	\$25,258	\$6,209	\$0	\$0	\$6,209	\$0	\$0	\$0	\$0	\$88,721
2017	\$55,965	\$5,949	\$2,703	\$64,617	\$29,273	\$1,336	\$1,096	\$31,705	\$7,689	\$0	\$0	\$7,689	\$0	\$0	\$0	\$0	\$104,011
2018	\$53,928	\$7,559	\$2,710	\$64,197	\$32,601	\$910	\$1,128	\$34,639	\$7,246	\$0	\$0	\$7,246	\$0	\$0	\$0	\$0	\$106,082
2019	\$54,000	\$7,400	\$2,700	\$64,100	\$32,000	\$900	\$1,000	\$33,900	\$7,000	\$0	\$0	\$7,000	\$0	\$0	\$0	\$0	\$105,000
2020	\$53,000	\$7,000	\$2,300	\$62,300	\$30,000	\$800	\$900	\$31,700	\$6,000	\$0	\$0	\$6,000	\$0	\$0	\$0	\$0	\$100,000
Avg	\$49,394	\$6,334	\$2,516	\$58,244	\$25,223	\$946	\$615	\$26,784	\$5,319	\$0	\$0	\$5,319	\$0	\$135	\$0	\$135	\$90,481

* Includes boat mooring, boat rental, dump station and shower fees, if applicable.

** Starting in 2015, there is no charge for the use of the Atkins Lake boat launch.

In 2016, the parks program established a new record in total revenues at \$88,721. In 2017, that record was shattered, as total revenues exceeded the \$100,000 mark (at just over \$104,000). In 2018, total revenues established yet another record at \$106,082. Use numbers are strong in 2019, with total revenue expected to be around \$105,000 (though \$110,000+ is within reach). Since 2011, when the management of the parks first moved to Forestry, total revenues have increased by nearly 40%. Achieving that milestone is a direct result of significant modifications made throughout all facilities, particularly the two most prominent campgrounds, Twin Bear and Delta Lake.

Prior to the past few seasons, park revenues had peaked in 2012, which was directly correlated to a period of time when the total number of seasonal campsites were at an all-time high. Since 2012, the Department restructured the number and placement of seasonal sites, with an emphasis on designating prime locations for transient use and significantly reducing the number of campsites that could be rented for an entire season.

The goal of that re-structure was to attract a greater number of transient and day users, with the hope that more families and individuals could enjoy the facilities. Seasonal sites essentially provided upfront, guaranteed revenue. So, reducing the number of seasonal campsites available would come at a short term cost.

As with any modification, expected results can be somewhat slow to develop. Revenues declined slightly in 2013, but slowly increased every year thereafter, until reaching new record levels in 2016 through 2018. In addition to the revenue generating activities like camping and the boat launch, improvements to the beaches, the installation of new playground equipment and investments made in additional fishing piers have contributed to the dramatic increase in day use, especially at Twin Bear and Delta Lake. Plus, Wi-Fi was added at both Twin Bear and Delta Lake (which is included in the rental price).

For CY 2020, total revenues from the Parks program are conservatively estimated at \$100,000. Weather conditions can have a significant impact on potential revenues, which factors into the conservative estimate.

Table 7 summarizes actual revenues received as part of the Parks program per major category (2019 and 2020 are estimated):

Table 7: Total Parks Revenue by Category

Year	Camping	Boat Launch	Other	Total
2011	\$66,619	\$8,101	\$2,411	\$77,131
2012	\$78,795	\$7,239	\$2,487	\$88,521
2013	\$67,108	\$6,418	\$2,147	\$75,672
2014	\$68,458	\$6,343	\$2,746	\$77,547
2015	\$71,600	\$7,133	\$3,396	\$82,129
2016	\$78,080	\$7,061	\$3,581	\$88,721
2017	\$92,927	\$7,285	\$3,799	\$104,011
2018	\$93,774	\$8,469	\$3,838	\$106,082
2019	\$93,000	\$8,300	\$3,700	\$105,000
2020	\$89,000	\$7,800	\$3,200	\$100,000
Avg.	\$79,936	\$7,415	\$3,131	\$90,481

In 2020, camping revenues are predicted to increase by nearly \$25,000 when compared to what was received in 2011. Boat launch returns are expected to remain relatively constant, as are other revenues.

To put the camping revenue increase into perspective, one seasonal site produces camping opportunities for one family (for the entire season). At Twin Bear and Delta Lake, it basically costs \$29/night to camp (with some price modifications if rented by the week, or longer). Because seasonal campsites were significantly reduced in number, the increase in camping revenues are directly related to an increase in transient campers.

Generating an additional \$10,000 in camping equates to about 350 rentals (individuals or families), while an increase of \$20,000 is roughly 700 more individual (or family) uses. So far, we've accomplished the goal of increasing the overall use of our facilities and have significantly increased revenues as a result. The 2020 budget also includes revenue from two grant sources, WI Coastal Management and Knowles-Nelson Stewardship. Each grant will total about \$30,000 (\$60,000 total) and will be used to improve trails and infrastructure at the recently acquired Siskiwit Falls property (acquired in 2018).

Yurts – County Forest

In late 2016, the Department finished the construction of two rustic yurts. These yurts are located on county forest land, with the goal of providing rustic camping opportunities to the public. One yurt is located in the Town of Bayfield, west of Mt. Ashwabay, and the other is located in the Town of Cable, east of the North End cabin. Both yurts are located adjacent to designated and maintained non-motorized recreational networks and have direct, four season access to mountain bike, cross-country ski, snowshoe and hiking trails.

Each yurt comes equipped with a deck, wood burning stove (firewood provided), two bunkbeds, outdoor pit toilet, outdoor fire pit area, and numerous picnic tables. No power. No access to potable water. No garbage bins. Pack out what you pack in ethics apply and people are expected to clean up after themselves. To date, use has wildly exceeded expectations and people are absolutely loving the experience.

Table 8 summarizes the occupancy rates and net revenues received from each yurt, per location (2019 and 2020 are estimated).

Table 8: Yurt Occupancy (Nights Rented) and Total Net Revenue¹

Year	Bayfield - Evergreen ²		Bayfield - Terra Cotta ³		Cable ⁴		Total	
	Occupancy	Net Revenue	Occupancy	Net Revenue	Occupancy	Net Revenue	Occupancy	Net Revenue
2016	42	\$2,368.60	0	\$0.00	15	\$837.90	57	\$3,206.50
2017	269	\$15,640.51	0	\$0.00	168	\$9,904.86	437	\$25,545.37
2018	260	\$14,840.87	30	\$1,712.41	180	\$11,452.48	470	\$28,005.76
2019	210	\$13,000.00	200	\$14,000.00	130	\$8,000.00	540	\$35,000.00
2020	210	\$13,000.00	200	\$14,000.00	130	\$8,000.00	540	\$35,000.00
Total	991	\$58,849.98	430	\$29,712.41	623	\$38,195.24	2,044	\$126,757.63

¹ The following fees/taxes apply to each reservation: Airbnb 3%; State sales tax 5.5% (Airbnb started collecting state sales tax in 2018);

Cable room tax 4% (only at Cable location); Bayfield room tax 6.5% (only at Bayfield locations).

² The Bayfield - Evergreen location went live on October 8, 2016. Starting in 2019, the rental rate is \$70/night.

³ The Bayfield - Terra Cotta location went live in September 2018. Starting in 2019, the rental rate is \$75/night.

⁴ The Cable location went live on November 12, 2016. Rental rate is \$65/night.

The yurt in Bayfield (now called Evergreen) commands an exceptional view of Lake Superior and the Onion River Valley, while the yurt in Cable provides a classic back country, Northwoods experience. Both are 5 to 10 minute hikes from the designated parking areas (no motorized public access). Both yurts are listed and managed, by the Department, exclusively through Airbnb, currently at the rate of \$65.00/night (Cable) and \$70.00/night (Evergreen).

The yurt at Bayfield was open for rent around the middle of October 2016, while the Cable location was ready in mid-November. For the short time they were open in 2016, the Bayfield yurt was rented a total of 42 nights, while the Cable yurt a total of 10 nights. In total, \$3,213 was generated in net revenues from the combined rentals of both yurts (as each yurt rental is subjected to sales, local room tax and an Airbnb fee).

In the September 2018, construction was completed on a third rustic yurt. The third unit (now called Terra Cotta) is located about ¼ mile away from the existing yurt at the Bayfield location. This yurt also has a commanding view of Lake Superior, facing towards Pike's Bay. Terra Cotta has a slightly larger deck than Evergreen (to soak in the sunrises over Lake Superior), but, otherwise, is nearly identical to the previous two.

In 2017, the revenue budget for yurt rentals was set at a conservative \$12,000, which equates to an occupancy rate of about 25% for each yurt. Actual total yurt net revenues for 2017 were more than double the budget at just over \$25,500 (occupancy rates at the Bayfield and Cable locations were 73% and 45%, respectively). In 2018, a total of 470 nights were rented across all yurts, generating a little over \$28,000 in total revenue.

The addition of the third yurt will increase overall revenue from rentals. Estimated revenue for 2019 is expected to be roughly \$35,000 (though \$40,000 is within reach). Similar revenues are expected in 2020. If revenues remain close to predicted, the yurts will have generated a total of roughly \$127,000 by the end of 2020. The total cost of constructing all three yurts (combined) was roughly \$115,000. When also considering routine maintenance expenses, if revenue predictions hold true, the return on investment (ROI) will be roughly 4.5 years.

Because the current demand at the Bayfield locations are high, especially during the summer months (in 2017 through 2019, between the months of June through August, the occupancy rate at the Bayfield locations has ranged between 95% and 100%), it may take a few years to understand the full potential of this area. As a result, use rates are being estimated conservatively, as are total revenues.

Net revenues for yurt rentals in 2020 are estimated to be \$35,000, which, again, is conservative, especially considering the general lack of long term use histories.

Revenues: Trails Program

The primary source of revenue for the trails program comes from the State of Wisconsin in the form of maintenance on existing trails. The Forestry and Parks Department was assigned the management of the county trails program starting the summer of 2013. This primarily includes the active field management of the county wide, state funded ATV/UTV and snowmobile trail programs. Promotion and advertising of the state funded trail system will still be handled by the Tourism Department, but with direct assistance from Forestry and Parks.

Table 9 summarizes the total amount of annual maintenance funds received per trail type:

Table 9: Mileage and Funding For Trails Managed by Bayfield County

Trail Type	Miles	Rate/Mile	Total
Snowmobile	437	\$300	\$131,100
ATV Summer	86.75	\$600	\$52,050
ATV Winter	177.15	\$100	\$17,715
UTV Summer	86.75	\$100	\$8,675
Total	787.65		\$209,540

Additional state grants for new trails, or repairs to existing infrastructure, are also applied for annually. Awards are based primarily on available funding and are not guaranteed from year to year. Bayfield County also typically receives a state supplemental snowmobile trail grant every year (if applicable). These grants can be used to help cover the costs of maintaining trails, where routine maintenance has exceeded available funds.

Supplemental funds are also subjected to availability, are pro-rated based on the amount requested from other county applications throughout the state and, therefore, are not guaranteed to cover 100% of the overage. Depending on these factors, Bayfield County has seen supplemental requests funded at rates from 60% to 100%. The average amount of supplemental funds received since 2016 is \$55,467.68. That amount is being budgeted in 2020. In addition, a previously awarded ATV grant, in the amount of roughly \$22,000, for the construction of a shelter, is also budgeted in 2020.

Most supplemental and new project grants are awarded after the completion of the budget. Budgets are typically amended to reflect the value of awarded new projects.

The total estimated revenue budget for trails in 2020 is \$288,008 (which reflects the amounts associated with routine annual maintenance, snowmobile supplemental, and the ATV grant for the construction of a shelter).

Total Revenues: Forestry, Parks and Trails

Table 10 describes total budgeted revenues per program type from 2007-2020 (2019 and 2020 are estimated).

Table 10: Total Budgeted Revenues Per Program¹

Calendar Year	Forest Management	Parks²	Trails³	Total
2007	\$1,876,471	\$0	\$0	\$1,876,471
2008	\$1,912,971	\$0	\$0	\$1,912,971
2009	\$1,991,363	\$0	\$0	\$1,991,363
2010	\$1,979,155	\$0	\$0	\$1,979,155
2011	\$2,182,591	\$87,250	\$0	\$2,269,841
2012	\$2,458,679	\$80,000	\$0	\$2,538,679
2013	\$2,655,270	\$80,000	\$352,878	\$3,088,148
2014	\$2,584,142	\$80,000	\$195,465	\$2,859,607
2015	\$2,910,204	\$83,000	\$272,832	\$3,266,036
2016	\$3,019,180	\$78,000	\$220,385	\$3,317,565
2017	\$3,263,241	\$97,500	\$186,790	\$3,547,531
2018	\$3,434,430	\$115,500	\$230,490	\$3,780,420
2019	\$3,550,201	\$136,932	\$257,437	\$3,944,570
2020	\$3,608,325	\$195,000	\$288,008	\$4,091,333
Average	\$2,673,302	\$103,318	\$250,536	\$3,027,155

¹ Adopted budget.

² Starting in 2017, includes revenue from two yuns.

³ 2013 figure included already approved new trail construction grants when transferred to Forestry.

Total revenues for the combined management of the Forestry, Parks/Recreation and Trails programs are estimated to be \$4,091,333 in 2020. This represents an increase of roughly 4.3% when compared to the 2019 budget, an increase of nearly 74% when compared to 2011 and more than double when compared to 2007.

As previously stated, due to a variety of reasons, sale of wood revenue has traditionally been estimated conservatively. As a result, actual revenues have routinely exceeded the budget, oftentimes significantly. From 2007 through the estimate for 2019, actual sale of wood revenues have exceeded budgeted revenues every year, by an average of nearly 40%, with 2013 through 2017 generating substantial surpluses (see Table 2).

The reasons for conservative stumpage estimates are primarily three-fold: 1) as a reaction to the long-term nature of the Departments timber sale contract (as described previously); 2) due to relative instabilities in wood markets; and 3) due to unpredictable weather/seasonal conditions. To budget accurately, we are projecting when a sale will be harvested (at some point over, potentially, a four year period) and forecasting market conditions at the time when future sales are sold. Both predictions combine elements of risk and speculation, hence the conservative estimates.

With that said, since 2007, the Department has steadily increased budgeted sale of wood revenues, with the amount for 2020 nearly doubling the figure from 2007. In general, the budget for sale of wood revenues has increased by a total of nearly \$1.4 million since 2011 (see Table 2). That equates to an average increase of roughly \$136,000 per year over that same time period.

From 2007 through 2020, overall budgeted revenues for the forest management program have increased by nearly 87%. At \$3,608,325, total forest management budgeted revenues for 2020 are the highest level to date (the amended budget for 2015 was much higher, but that was due to adjustments made with regards to the Stewardship grant).

As we move past \$3.0 million in budgeted sale of wood revenues and approach \$3.5 million, the margin for error will significantly decrease and the potential to generate less than the budget will increase (especially when also considering poor market condition that have been experienced over the past three years).

Expenditures: Forest Management Program

The forest management program accounts for the vast majority of total expenses within the Department. The most significant expenses include personnel, general operating costs associated with managing the roughly 176,000 acre county forest, reforestation, and payments to each township that contain county forest acreage.

Personnel Expenses

The single most significant expense incurred by the Forestry and Parks Department is personnel, which includes wages and fringe benefits. Fringe includes costs associated with health insurance, life insurance, retirement, FICA/Medicare contributions, Forestry and Parks Committee per diems and health reimbursement accounts (HRA).

In 2011, the management of County parks and campgrounds was transferred from Tourism to Forestry. In the summer of 2013, the Trails Program was also moved from Tourism to Forestry and Parks. As part of those transitions, the Department created a new full-time position – Recreation Forester.

Even though the responsibilities of the Rec Forester are almost exclusively tied to the Parks and Recreation programs, the wage and fringe for the position are included in Table 11, in an attempt to summarize the overall impact of personnel related expenses on the budget. Table 11 summarizes the total budgeted expenses pertaining to wages and fringe benefits from 2006 through 2020.

Table 11: Summary of Budgeted Personnel Related Expenses ^{1,2,3,4}

Year	Wages	Fringe ¹	Total
2006	\$288,634	\$131,123	\$419,757
2007	\$294,411	\$143,825	\$438,236
2008	\$312,348	\$148,848	\$461,196
2009	\$313,061	\$137,304	\$450,365
2010	\$327,578	\$188,046	\$515,624
2011	\$370,335	\$229,695	\$600,030
2012	\$396,507	\$203,574	\$600,081
2013	\$417,372	\$208,933	\$626,305
2014	\$459,743	\$233,632	\$693,375
2015	\$479,882	\$236,163	\$716,045
2016	\$501,233	\$244,795	\$746,028
2017	\$505,777	\$265,065	\$770,842
2018	\$590,108	\$326,656	\$916,764
2019	\$614,886	\$322,266	\$937,152
2020	\$628,855	\$314,038	\$942,893
Average	\$419,420	\$215,709	\$635,129

¹ includes insurances, retirement & FICA

² The Recreation Forester was added in 2014.

³ Budgeting for work associated with GNA began in 2018.

⁴ The Inventory and Analysis Forester was added in 2018.

In 2018, the Department began the implementation of a Continuous Forest Inventory program (CFI). In addition to CFI, the Department also made a commitment to fully implement a system of forest regeneration monitoring (FRM). As a result, a new position, Inventory and Analysis Forester, was created. In addition to managing the CFI and FRM programs, this position is also be charged with performing various analyses of the data; the management of various databases; the development of various summaries and reports; and numerous other field forestry related tasks, including timber sale establishment. Please refer to the 2019 Forestry and Parks Work Plan for more detailed information on CFI. Monitoring and reforestation are both fundamental components of forest management.

The Department now consists of 10 full time positions including: 4 Foresters, 1 Inventory and Analysis Forester, 1 Recreation Forester, 1 Forest Technician, 1 Office Manager, 1 Assistant Administrator and 1 Administrator (note: nearly half of the Administrator's salary and benefits are reimbursed to the county by the Wisconsin DNR, through the County Forest Administrator grant). In addition to full time staff, one, and sometimes two, interns are also added during the summer months. However, in 2020, a summer intern is not being considered.

Aside from the additions of new full-time staff (Forester added in 2011; Rec Forester added in 2013; Inventory and Analysis Forester added in 2018), the cost of health insurance has been the biggest contributor to the increase in personnel expenses. Since 2006, the total cost of health insurance within the Department has increased by nearly 2.5 times, while wages have increased by over 2.0 times during that same period. Some of the cost increases are a result of adding the additional staff, while the remainder is due to increases in insurance premiums and wages. Changes in health care coverage and the employment

of summer interns also contribute to the increases (for example, moving from an individual plan to a family plan increases the cost of health insurance by approximately \$14,000 per occurrence).

In 2020, total personnel expenses, are expected to be around \$943,000, an increase of approximately 0.5% when compared to 2019. The reason for the nominal increase is primarily attributed to additional benefit payouts budgeted in 2019, due to a retirement.

Township Payments

The second most significant recurring budgeted expense(s) are combined payments to towns. Townships that contain county forest acreage receive a state mandated payment equal to ten (10) percent of net revenues generated from the sale of wood (stumpage) on county forest lands. The distribution of this money is based solely on the percentage of acreage contained within each township, regardless of where actual timber harvesting occurred.

Table 12 describes the total payments received by each township that contains Bayfield county forest acreage (in CY 2018). DNR PILT payments (payment in lieu of taxes) are made directly by the State of Wisconsin to each town (at a rate of \$0.30/acre) and were included in this table to display the total direct net revenues received by each township that contains county forest acreage.

Table 12: CY 2018 Revenues per Township

Township	County Forest Acreage	County Forest 10% Timber Sales	DNR PILT Payments (\$0.30/ac)	Bayfield County Town Road Aids*	Total Revenues
Barnes	40,540	\$107,519.31	\$12,162.11	\$9,000.00	\$128,681.42
Bayfield	32,913	\$87,288.95	\$9,873.77	\$8,500.00	\$105,662.72
Bayview	13,151	\$34,879.72	\$3,945.44	\$5,000.00	\$43,825.16
Bell	14,585	\$38,681.44	\$4,375.51	\$5,000.00	\$48,056.95
Cable	5,556	\$14,736.05	\$1,666.90	\$4,250.00	\$20,652.95
Clover	5,387	\$14,285.75	\$1,615.97	\$10,500.00	\$26,401.72
Hughes	24,673	\$65,436.26	\$7,401.90	\$7,250.00	\$80,088.16
Iron River	6,042	\$16,024.88	\$1,812.67	\$5,000.00	\$22,837.55
Namakagon	547	\$1,450.34	\$164.04	\$1,000.00	\$2,614.38
Orienta	4,720	\$12,518.34	\$1,416.00	\$4,000.00	\$17,934.34
Port Wing	8,876	\$23,540.72	\$2,662.85	\$8,000.00	\$34,203.57
Russell	8,491	\$22,518.78	\$2,547.25	\$3,500.00	\$28,566.03
Tripp	6,540	\$17,343.82	\$1,961.86	\$5,000.00	\$24,305.68
Total	172,021	\$456,224.36	\$51,606.26	\$76,000.00	\$583,830.62

* Awarded amount

Record high 10% stumpage payments were distributed to the towns from 2015 through 2017 (\$499,305, \$504,199 and \$500,990, respectively). In 2019, over \$456,000 was distributed. However, as stated in the revenue section above, markets have receded over the past two seasons. As a result, so too have stumpage prices and revenues. Estimated stumpage payments to the towns are projected to be \$385,000 in 2019 and \$335,500 in 2020.

As part of the large Knowles-Nelson Stewardship land acquisition project in 2015, county forest land was added to a variety of towns. Of the 2,602 acres added to the county forest in 2016, roughly 1,220 was

located in the Town of Barnes, 630 acres in the Town of Hughes, and 200 acres in the Town of Bayview. In addition, approximately 547 acres was added to the Town of Namakagon, which, previously, did not contain county forest land.

In 2010, the Department adopted a Town Road Improvement Aid program. This program appropriated 1% of the total sale of wood revenues to town road improvement projects (triggered when actual revenues exceed budgeted revenues by 1%).

In 2014, the Forestry and Parks Committee increased this fund to 2% of the sale of wood revenues, with a cap of \$80,000, and removed the trigger. As a result, roughly \$80,000 in town road improvement projects have been approved in each of the past four years (2015, 2016, 2017 and 2018). At total of \$75,000 was budgeted in 2019 (due to anticipated revenues being lower than \$4.0 million).

In 2019, the Forestry and Parks Committee voted to increase the fund to 3% and remove the cap. As a result, starting with the 2020 budget, 3% of the net sale of wood revenues have been allocated to the Town Road Aid program. A total of \$115,500 has been budgeted in 2020. This is an increase of \$40,500 (or nearly 55%) when compared to the budgeted amount for 2019.

Table 13 summarizes the total annual payments received by the towns since 2010 (2019 and 2020 are estimated). Again, only those towns that contain county forest lands receive compensation. The 10% timber sale (stumpage) payments, as well as the Town Road Aids are distributed by the county, while the DNR PILT payment is distributed by the state.

Table 13: Total Annual Payments to Townships (2010-2020)

Year	10% Timber Sales	Town Road Aids¹	DNR PILT²	Total
2010	\$204,766.34	\$13,573.17	\$51,433.88	\$269,773.39
2011	\$247,706.64	\$29,326.13	\$51,433.88	\$328,466.65
2012	\$269,675.87	\$21,131.53	\$51,433.88	\$342,241.28
2013	\$390,410.42	\$28,263.86	\$51,433.88	\$470,108.16
2014	\$453,483.13	\$80,201.08	\$51,433.88	\$585,118.09
2015	\$499,305.78	\$72,836.86	\$51,433.88	\$623,576.52
2016	\$504,199.95	\$85,266.70	\$51,597.92	\$641,064.57
2017	\$500,990.25	\$67,034.12	\$51,597.92	\$619,622.29
2018	\$456,224.36	\$81,699.97	\$51,597.92	\$589,522.25
2019	\$385,000.00	\$80,000.00	\$52,725.00	\$517,725.00
2020	\$335,500.00	\$115,500.00	\$52,725.00	\$503,725.00
Avg.	\$386,114.79	\$61,348.49	\$51,713.37	\$499,176.65

¹ Town Road Aids proposed to increase in 2020, from 2% of timber sale revenue to 3%.

² Payment made by the DNR based on \$0.30 per acre of county forest land in each Township.

Essentially, the larger the sale of wood revenues received by the county, the larger the collective payment distributed to each town. As such, average town payments distributed between 2013 through the estimate for 2019 have been significantly greater than the average leading up to 2012 (approximately \$578,000.00 compared to \$316,000.00, respectively, or an increase of about 84%!), with a peak total payment of Over \$641,000 in 2016. The Department's goal of capturing the sustainable management potential of the forest (starting CY 2011) provides direct financial benefits to the towns as well.

The total compensation to townships is expected to be nearly \$518,000 in 2019 and \$504,000 in 2020 (which, again, is based upon a conservative timber sale revenue estimate).

Reforestation

Bayfield County maintains one of the larger public land reforestation programs in the state. Reforestation expenses come in a variety of forms including planting, seeding, competition control or release, site preparation, and, on occasion, seedling protection. The treatment of invasive species has also been recently added to the list.

In the past, most of the reforestation budget revolved around artificial regeneration (planting and seeding). Expenses related to natural regeneration (red oak, northern hardwoods, paper birch, etc) are starting to increase and are predicted to become a more prominent component of the reforestation budget. Natural reforestation activities such as site preparation, competition control, and protection from browsing (by white-tailed deer) are all expected to increase significantly in the coming years and have the potential to equal or even exceed costs associated with artificial regeneration.

Table 14 summarizes total reforestation expenses from 2010 through 2020 (2019 and 2020 are estimated).

Table 14: Reforestation Expenses (2010-2020)

Year	Budget	Actual
2010	\$136,500.00	\$125,820.69
2011	\$151,722.00	\$149,696.91
2012	\$128,500.00	\$115,303.83
2013	\$117,500.00	\$92,485.72
2014	\$100,000.00	\$96,288.77
2015	\$165,000.00	\$134,095.32
2016	\$175,000.00	\$144,771.21
2017	\$145,000.00	\$120,031.63
2018	\$140,000.00	\$66,469.02
2019	\$91,630.00	\$78,250.00
2020	\$95,000.00	\$95,000.00
Avg.	\$131,441.09	\$110,746.65

Total expenses associated with the reforestation account for 2020 are estimated to be \$95,000. This represents an increase of about 4% when compared to budgeted costs in 2019.

Throughout the year, numerous awarded grants and aids provide funding for various aspects of the reforestation program. These awards have the potential to significantly decrease direct out of pocket expenses associated with the reforestation program. Awards that are known are addressed as part of budget development (i.e. 2019 DNR Wildlife Habitat Partnership grant).

Grants or aids applications that are still pending at the time of budget development, but awarded during the year, will be reflected as savings when compared to the budgeted amount (i.e. 2018). In general, every year, the Department receives some form of grant or aids that is used to offset some of the costs associated with the reforestation program.

The reforestation budget doesn't totally reflect the true breadth and scope of the reforestation program. As previously stated, throughout the year, numerous grants and/or aids are awarded that help offset some costs associated with reforestation. In most cases, budgets for these grants are unique and tracked through separate accounts. The total actual cost of the reforestation program is generally about 20 to 40% higher than the budgeted amount (in the reforestation account), depending on the number and size of grants and/or aids received during the calendar year. The reforestation budget is \$95,000, but total costs are expected to be closer to \$120,000 (roughly \$25,000 in expenses are budgeted in other grants and aids).

Of the 2020 budget for reforestation, roughly \$85,000 is for planting, seeding, and site preparation related expenses. Approximately \$16,000 is for the control of invasive species (primarily on forest roads in the Barrens area, not covered by the above mentioned grant). The remaining expenses are for plantation release, other competition controls (primarily TSI – timber stand improvement) and seedling protection. In total, a little over \$25,000 in reforestation expenses will be accounted for from other sources. See Table 15 (below) for a summary of total reforestation expenses since 2007.

Operating Expenses

Operating expenses is a general synthesis of various accounts that include nearly everything required to administer all programs associated with the management of the county forest. The most significant operating expenses include: mileage for the fleet of vehicles; materials and supplies for the establishment of timber sales; utilities for the garage; data processing and office supplies; repair, maintenance and improvements of roads and trails; repair and maintenance of field equipment and vehicles (ATV's, snowmobiles, etc.); the expenditure of numerous grants, aids, awards, agreements and/or loans; publications, communications (i.e. cell phones), subscriptions, dues and professional development; and, more recently, expenses pertaining to the development, improvement and maintenance of recreational trails (located on county forest land).

The budget for 2020 includes funding from the DNR Sustainable Forestry Grant (in the amount of roughly \$24,000). These funds would help cover the costs associated with the establishment of permanent CFI plots, which, in turn, would help offset some of the initial expenses associated with the new position. Also, additional expenses for the Good Neighbor Authority (GNA) agreement (which are offset by added revenue) and the completion of previously approved grants (which are also offset by added revenue) contribute to operating expenses.

Operating expenses are projected to be roughly \$203,000 for 2020, an increase of approximately 10% when compared to the budgeted expenses for 2019. The primary reasons for the significant increase in operating expenses are related to slight modifications in the way the reforestations program is funded in 2020, as well as the expenditures associated with various grants (please see reforestation section above).

Total Expenses: Forest Management Program

Table 15 displays total budgeted expenses incurred per account type since 2007 (2019 and 2020 are estimated):

Table 15: Forest Management Program Expense Summary per Account Type

Year	Personnel	Operating	Reforestation	Town Payment	Loans	Total
2007	\$438,236	\$123,474	\$97,176	\$170,000	\$86,170	\$915,056
2008	\$461,196	\$183,091	\$97,630	\$170,000	\$86,170	\$998,087
2009	\$452,665	\$154,641	\$145,924	\$180,000	\$86,170	\$1,019,400
2010	\$515,624	\$154,552	\$136,500	\$180,000	\$84,667	\$1,071,343
2011	\$600,030	\$151,898	\$151,722	\$197,500	\$84,667	\$1,185,817
2012	\$600,081	\$204,171	\$128,500	\$242,500	\$0	\$1,175,252
2013	\$626,305	\$161,684	\$117,500	\$266,000	\$0	\$1,171,489
2014	\$638,444	\$146,800	\$100,000	\$280,000	\$0	\$1,165,244
2015	\$657,213	\$141,484	\$165,000	\$355,000	\$0	\$1,318,697
2016	\$683,966	\$162,041	\$175,000	\$370,000	\$0	\$1,391,007
2017	\$720,144	\$163,466	\$145,000	\$390,000	\$0	\$1,418,610
2018	\$838,457	\$152,060	\$140,000	\$403,000	\$0	\$1,533,517
2019	\$850,689	\$183,962	\$91,630	\$407,500	\$0	\$1,533,781
2020	\$852,587	\$203,042	\$95,000	\$451,000	\$0	\$1,601,629
Average	\$638,260	\$163,312	\$127,613	\$290,179	\$30,560	\$1,249,924

Total forest management program expenses are estimated to be \$1,601,629 in 2020. This represents an increase of roughly 4.4% when compared to 2019.

Expenses: Parks Program

Table 16 displays the annual budgeted expenses for the parks program since 2011 (2019 and 2020 are estimated).

Table 16: Annual Budgeted Expenses For the Parks Program

Year	Contractual Services	Utilities	Repair & Maintenance ¹	Other ²	Total	Actual
2011	\$22,500	\$10,550	\$10,000	\$830	\$43,880	\$42,205
2012	\$30,700	\$9,650	\$12,000	\$1,175	\$53,525	\$55,826
2013	\$31,270	\$10,125	\$12,000	\$1,400	\$54,795	\$53,839
2014	\$32,543	\$10,625	\$12,000	\$1,400	\$56,568	\$50,655
2015	\$35,000	\$14,525	\$12,000	\$1,400	\$62,925	\$54,956
2016	\$35,000	\$11,950	\$11,000	\$1,400	\$59,350	\$56,409
2017	\$34,000	\$11,650	\$12,500	\$1,350	\$59,500	\$56,775
2018	\$37,000	\$11,750	\$9,000	\$1,155	\$58,905	\$71,175
2019	\$38,500	\$12,650	\$10,000	\$1,850	\$63,000	\$69,075
2020	\$41,500	\$14,750	\$10,250	\$2,575	\$69,075	\$69,075
Average	\$32,946	\$11,353	\$11,313	\$1,264	\$56,875	\$55,230

¹ Yurt related expenses added for 2017

² Printing and Permit Related Expenses

Expenses relating to the management of the parks program are far less than those associated with managing the county forest. Primary expenses include contractual services for the caretaking of the grounds and facilities, waste management (garbage removal), utilities (electric and propane) and repair and maintenance. Contractual services are the largest parks management expense.

Repair and maintenance of the two county forest yurts were first added to the budget in 2017. A third yurt was constructed in 2018. Expenses that are typically associated with the maintenance of the yurts are: firewood (for the woodstoves), restocking basic supplies (i.e. toilet paper); pumping out the pit toilets (when necessary); permit fees; road and trail maintenance; and other general supplies and repairs.

In the campgrounds, the caretaking of the facilities and grounds, as well as hosting and managing reservations are all duties performed by contractors. The estimated cost of these services is \$41,500 in 2020. The repair and maintenance of all four parks and three yurts, as well as all utilities, communications and miscellaneous fees are estimated to be approximately \$27,575.

Total expenses for the parks program (including yurts) in 2020 is estimated to be \$69,075. This represents an increase of about 10% when compared to the budget for 2019. An increase in contractual services and utility costs, combined with added expenses associated with a third yurt are the primary reasons for the rise in expenses.

Expenses: Trails Program

The management of the trails program primarily involves maintaining existing motorized trail networks. In a nutshell, this generally means utilizing the annual allocation of maintenance funds provided by the State of Wisconsin, with expenditures generally offsetting revenues.

Occasionally, new grants are awarded for the construction of new trails or major repairs to existing ones (trail rehabilitation). Expenditures also typically equal revenues on all new construction or trail rehabilitation grants.

Table 17 summarizes the expense budget for the recreation program (2019 and 2020 are estimated).

Table 17: Recreation (Trails) Expenses

Year	Budget¹	Actual
2013	\$352,878	\$337,609
2014	\$196,965	\$213,168
2015	\$272,832	\$299,598
2016	\$339,997	\$369,493
2017	\$186,790	\$155,931
2018	\$609,620	\$673,234
2019	\$243,287	\$290,940
2020	\$355,008	\$355,008
Avg.	\$319,672	\$336,873

¹ CY 2013, 2016 and 2018 are amended budgets.

Total expenditures for managing the state funded motorized trails in 2020 are estimated to generally equal revenues: \$287,008 (see Table 10). All new construction or rehabilitation grants, as well as any

supplemental grants, are typically awarded after the budget is approved, and, if necessary, would require a budget amendment.

In August 2018, Bayfield County received a federal disaster declaration for damages incurred as part of a mid-June storm and flooding event. The Department estimated the damage to various trail and park infrastructure to be roughly \$120,000. As per the declaration, the Department worked closely with FEMA to develop projects and complete repairs to trails that were damaged from the storm. The large actual expenses attributed to calendar year 2018 included roughly \$140,000 associated with storm damage repairs and \$190,000 for the purchase of the Siskiwit Falls property.

Over the past few years, the Department has made it a priority to better capture the sustainable management potential of the county forest. This goal was multi-faceted, as the county forest provides a myriad of different benefits. Phase one of the internal goal was accomplished a few years ago. Various components were analyzed and direction was established to better capture the true sustainable potential of all forest management programs. The result: a sustainably managed forest that is capable of generating over \$2.0 million more in stumpage revenues when compared to accomplishments prior to the adjustments.

County forests were established primarily to optimize the production of forest products. Again, this goal was accomplished a few years ago. Realizing the sustainable timber management potential not only benefits the county directly through timber sale receipts, but also provides raw forest products to local and regional businesses. In general, for every \$1.00 generated by the county through stumpage revenue, an additional \$27.00 is stimulated within local and regional economies.

Other uses, like recreation, are also recognized as important functions of the county forest. Recently, the Department began increasing efforts to improve and/or expand recreational opportunities on the county forest. The yurt projects and improvements to the Lost Creek Falls hiking trail are two good examples. Since improving the Lost Creek Falls trail, use has increased by about twenty-fold, from around 10 users a week to nearly 200 per week. Improving recreational opportunities has some direct benefits to the county i.e. revenues from the new yurt projects, but most of the benefit derived from recreation is indirect.

Improved recreational access has the potential to attract users and draw people to certain areas. The better the attraction and experience, the more use an area will receive. If we provide enough good, as well as diverse, recreational opportunities, areas will start to attract people interested in recreation-based day trips or longer stay vacations. More use has the potential to increase spending (which benefits local communities), which increases sales tax revenue and thus directly benefits the county.

Clearly, recreational opportunities reach beyond the economic potential. It provides opportunities for individuals and families, whether local or transient, to get out and enjoy our beautiful natural resources. And there's a lot to enjoy. With nearly 500,000 acres of public land, Bayfield County has more public forests than any other county in Wisconsin.

Increases in recreation also creates additional challenges. As previously stated, county forests were established to optimize the production of forest products. Those who choose to recreate on the county forest will see timber management. The interaction between recreation and timber management is a good thing, as it's important for everyone to better understand where our insatiable demand for wood products comes from.

The challenge will be to develop more effective ways to communicate the goals and objectives of our forest management program and provide educational opportunities to those recreating near harvested areas. Informational signs or kiosks along well used trails will be one way to start the process.

In addition to managing the state funded motorized trails, the 2020 budget includes \$8,000 for non-motorized trail maintenance and development, which is approximately a 30% decrease when compared to the budgeted amount in 2019 (\$11,750). However, \$20,000 is requested in the capital budget (see below) and reflects the commitment to improve, develop and maintain recreational opportunities on the county forest. The budget also includes \$60,000 in total grant funds (\$30,000 each from Stewardship and WI Coastal) for improves to trails at Siskiwit Falls.

Total Expenses: Parks and Recreation Programs

Table 18 represents the total budgeted expenses for the parks and recreations programs. This also includes personnel related expenses attributed to the Recreation Forester position.

Table 18: Total Expenses: Parks and Recreation Programs¹

Year	Parks ²	Recreation			Total
		Motorized Trails ³	County Recreation ⁴	Total Recreation	
2011	\$43,880	\$0	\$0	\$0	\$43,880
2012	\$53,525	\$0	\$0	\$0	\$53,525
2013	\$54,795	\$352,878	\$0	\$352,878	\$407,673
2014	\$56,568	\$196,965	\$54,931	\$251,896	\$308,464
2015	\$62,925	\$272,832	\$58,832	\$331,664	\$394,589
2016	\$59,350	\$220,385	\$62,062	\$282,447	\$341,797
2017	\$59,500	\$186,790	\$76,338	\$263,128	\$322,628
2018	\$58,905	\$230,490	\$78,307	\$308,797	\$367,702
2019	\$63,000	\$231,537	\$98,186	\$329,723	\$392,723
2020	\$69,075	\$287,008	\$158,306	\$445,314	\$514,389
Average	\$58,152	\$243,390	\$83,852	\$320,731	\$314,737

¹ adopted budget.

² includes all campgrounds, yurts and day use parks.

³ includes all state funded motorized trails (snowmobile and ATV/UTV).

⁴ includes non-motorized trails, other rec properties (i.e. Siskiwit Falls, Jolly) and costs associated with the Recreation Forester position.

Total Expenditures: Forestry, Parks and Trails

Table 19 describes the total budgeted expenses for the Forestry and Parks Department per program type since 2007 (2019 and 2020 are estimated). The parks program was added in 2011 and trails in 2013.

Table 19: Total Budgeted Expenses per Program

Year	Forest Management	Parks and Recreation	Total
2007	\$915,056	\$0	\$915,056
2008	\$998,087	\$0	\$998,087
2009	\$1,019,400	\$0	\$1,019,400
2010	\$1,071,343	\$0	\$1,071,343
2011	\$1,185,817	\$43,880	\$1,229,697
2012	\$1,175,252	\$53,525	\$1,228,777
2013	\$1,171,489	\$407,673	\$1,579,162
2014	\$1,165,244	\$308,464	\$1,473,708
2015	\$1,318,697	\$394,591	\$1,713,288
2016	\$1,391,007	\$341,797	\$1,732,804
2017	\$1,418,610	\$322,628	\$1,741,238
2018	\$1,533,517	\$367,702	\$1,901,219
2019	\$1,533,781	\$392,723	\$1,926,504
2020	\$1,601,629	\$514,389	\$2,116,018
Average	\$1,249,924	\$224,812	\$1,474,736

Total expenses for the combined management of the Forestry, Parks and Trails/Recreation programs are estimated to be approximately \$2.116 million for 2020. This represents an increase of roughly 9.8% when compared to the 2019 budget. Additional expenditures pertaining to various offsetting grant funds, the increase in personnel costs and raising the Town Road Aid fund from 2% to 3% are the primary reasons for the increase in overall costs.

Since 2010, expenses pertaining to the management of the county forest have increased approximately 35%. The additional positions (Forester added in 2011 and Inventory and Analysis Forester added in 2018), increases in general personnel costs and larger payments to townships (as per 10% revenue sharing and increases in the Town Road Aid fund) all contribute to this overall increase.

As a note: the Recreation Forester position, that was added in 2013, was primarily created to address the additional workloads generated from the transfer of the parks and trails programs. As such, the increases in expenses associated with that position are not directly attributed to the Forest Management program, but have been applied to the costs associated with Parks and Recreation.

Park expenses have remained relatively stable over the past three years, but fluctuations in motorized trail costs are largely associated with awarded grants. Trail expenses are based on the total value of the annual maintenance funds, as well as any other previously awarded grant that was not expended during the previous year. Motorized trail grants are typically zero sum items in the budget, meaning revenues offset expenditures (as with most grants), but they still contribute to the overall bottom line.

Additionally, starting in 2019, a dedicated amount of funds were allocated to non-motorized trail maintenance and development. More significant projects are addressed through capital requests, but \$11,750 was budgeted in 2019 and \$8,000 in 2020 to manage existing non-motorized trail infrastructure.

Capital Expenditures: Forestry, Parks and Trails

Table 20 displays the total budgeted and actual capital expenditures since 2007 (2018 and 2019 are estimated):

Table 20: Total Capital Expenses¹

Year	Revenue		Expense	
	Budget	Actual	Budget	Actual
2007	\$0	\$0	\$150,000	\$150,000
2008	\$0	\$0	\$0	\$1,600
2009	\$0	\$0	\$14,400	\$4,821
2010	\$0	\$0	\$0	\$1,199
2011	\$0	\$0	\$15,500	\$41,815
2012	\$0	\$0	\$41,700	\$31,941
2013	\$0	\$0	\$120,250	\$36,994
2014 ²	\$77,500	\$77,500	\$354,438	\$349,848
2015	\$1,500	\$19,282	\$87,506	\$126,299
2016	\$0	\$0	\$78,100	\$69,338
2017	\$0	\$0	\$110,503	\$85,469
2018	\$0	\$0	\$79,000	\$78,789
2019	\$0	\$0	\$109,500	\$109,500
2020	\$338,400	\$338,400	\$445,100	\$445,100
Average	\$29,814	\$31,084	\$114,714	\$109,480

¹ Adopted budget.

² Amended budget.

Capital expenditures are tracked separately from dedicated Forestry and Parks accounts, but still contribute to the overall bottom line of the budget.

The capital expenses were included to illustrate the total impact of the Forestry and Parks Department on the overall county budget. The value of capital projects listed for 2020 are proposed and are subject to modification, as per the final budget development process.

The major project scheduled for 2020 is the repair of the Delta Landfill that was damaged as part of the 2018 storms. The project was approved as part of the FEMA declaration and a 2020 repair/completion date is anticipated. The project is estimated to cost approximately \$350,000, with the FEMA grant covering 87.5% of all eligible expenses. Bayfield County is discussing the remaining 12.5% costs with the Town of Delta, as this was previously operated as a landfill for the Town.

NET RETURNS: FORESTRY, PARKS AND TRAILS

Table 21 best communicates the overall impact of the Forestry and Parks Department on the county budget: the total budgeted and actual net returns (excluding capital) from the Forestry, Parks and Trails programs from 2007 through 2020 (2019 and 2020 are estimated).

Table 21: Total Budgeted (amended) and Actual Net Returns (not including capital).

Year	Budgeted Net Returns			Actual Net Returns			Difference
	Revenues	Expenses	Return	Revenues	Expenses	Return	Actual-Budget
2007 ¹	\$1,885,971	\$924,556	\$961,415	\$2,494,020	\$1,371,594	\$1,122,427	\$161,012
2008	\$1,912,971	\$998,087	\$914,884	\$2,837,111	\$1,076,274	\$1,760,836	\$845,952
2009	\$1,918,763	\$1,014,215	\$904,548	\$2,493,062	\$1,049,430	\$1,443,632	\$539,084
2010	\$1,999,655	\$1,094,396	\$905,259	\$2,234,054	\$1,007,470	\$1,226,584	\$321,325
2011	\$2,270,841	\$1,249,594	\$1,021,247	\$2,778,481	\$1,266,922	\$1,511,559	\$490,311
2012	\$2,540,449	\$1,230,547	\$1,309,902	\$2,935,390	\$1,255,382	\$1,680,008	\$370,106
2013	\$3,099,116	\$1,645,883	\$1,453,233	\$4,505,756	\$1,720,635	\$2,785,121	\$1,331,888
2014	\$3,111,172	\$1,725,273	\$1,385,899	\$4,958,924	\$1,719,686	\$3,239,239	\$1,853,340
2015 ²	\$6,153,830	\$4,601,082	\$1,552,748	\$7,752,160	\$4,526,088	\$3,226,072	\$1,673,324
2016	\$3,651,377	\$2,197,296	\$1,454,081	\$5,627,653	\$2,163,578	\$3,464,075	\$2,009,994
2017	\$3,738,520	\$1,922,286	\$1,816,234	\$5,638,429	\$1,827,268	\$3,811,161	\$1,994,927
2018 ³	\$4,307,775	\$2,428,573	\$1,879,202	\$5,448,189	\$2,400,502	\$3,047,687	\$1,168,485
2019	\$3,944,570	\$1,926,504	\$2,018,066	\$4,615,678	\$2,029,246	\$2,586,432	\$568,366
2020	\$4,091,333	\$2,116,018	\$1,975,315	\$4,091,333	\$2,116,018	\$1,975,315	\$0
Avg.	\$3,187,596	\$1,791,022	\$1,396,574	\$4,172,160	\$1,823,578	\$2,348,582	\$952,008

¹ Included land acquisition expenses.

² Includes Stewardship grant revenue & expense.

³ Includes WI Coastal and FEMA grant revenue and expense.

The figures presented in Table 21 are based upon the amended budget. The amended budget provides an accurate representation of actual overall activity for each given year. However, when contrasting one budget to another, it is a challenge to produce equal and objective comparisons between a proposed budget (or one that is just adopted) to one that has been adjusted (or amended) throughout the year. Unless otherwise noted, nearly all of the tables and associated discussion contained within this narrative are based upon the adopted budget for each respective year.

Budgeted net returns (or net deposits into the county general fund) for 2020 are expected to surpass \$1.975 million. This represents a decrease of roughly 2.1% over the adopted budgeted amount for 2019, but is still one of the largest budgeted net returns to date (second only to 2019, see Table 21). The net budgeted return for 2020 is nearly 2.2 times greater than the return set in 2010.

Actual net returns for 2019 are expected to be around \$2.6 million. This would be about 15% less than the actual net returns for 2018 and roughly 25% less than the average net returns experienced from 2014 through 2017 (an average of nearly \$3.44 million in net returns from 2014 through 2017). Still, if 2019 estimations are accurate, roughly \$570,000 (or approximately 28%) above what was budgeted would be deposited into the general fund. It is also worth noting that the average actual total net returns since 2013 (\$3.02 million) are about \$1.6 million dollars greater than the average actual net returns leading up to 2012 (\$1.45 million).

Also, as previously stated, anticipated stumpage revenues for 2019 are still being conservatively estimated (\$3.85 million). As per the writing of this narrative, actual stumpage revenues could range from \$3.75 million (which would be a little lower than the current estimate) to around \$4.10 million. As

a note, anything larger than \$3.85 million would trigger additional expenses pertaining to town revenue sharing (again, currently a state mandated 10% of final sale of wood revenues).

Nearly all of the above mentioned increases are attributed to solid sale of wood figures, primarily associated with past strong markets for new timber sales, as well as efforts to fully capture the sustainable harvest potential of the county forest (see Table 1). However, as previously stated, markets have receded. As a result, stumpage revenues are expected to be significantly lower in 2019 and 2020, when compared to record receipts from 2014 through 2018.

To summarize the proposed 2020 budget, which includes the Forest Management, Parks and Trails/Recreation programs: total net returns (deposits) for 2020 are budgeted to be \$1,975,315 compared to \$2,018,066 for 2019, resulting in a net decrease of \$42,751 (roughly a 2.1% decrease).

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